

REMARKS AS PREPARED FOR DELIVERY
U.S. SECRETARY OF TRANSPORTATION RODNEY E. SLATER
FAA AVIATION 2000 FORECAST CONFERENCE
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Let me begin today by once again urging the Congress to act swiftly on the Federal Aviation Administration's reauthorization legislation, which contains very significant elements to improve safety, enhance competition and increase capacity to deal with growth in the aviation industry.

Yesterday's filing by the Senate and House conferees is another important chapter in our three-year effort to conclude landmark aviation legislation for America. I applaud the conferees for this achievement and am proud to have played a role in it. I urge our legislative leaders to complete the task and send the President a bill he can sign. There is too much at stake to day.

I am delighted to add my welcome to all of you participating in this year's FAA Aviation 2000 Conference. I also want to extend my thanks to our conference cosponsors, *The Airport Council International-North America* and *The National Business Aviation Association*.

I know that you covered a great deal of ground yesterday on the state of commercial and general aviation at this, the dawn of a new century and a new millennium: from the impact of e-commerce on airline revenue to air traffic control constraints and industry growth; from the impact of congestion and delays on regional carriers to development and funding issues concerning general aviation airports.

This morning -- and for the balance of the conference -- we will shift from a focus on the present to a focus on the future.

First and foremost, safety, is and will remain, our number one priority -- our North Star guiding everything we do. Despite having already achieved the safest skies in the world, we must, as visionary and vigilant transportation professionals, continue to raise the bar on safety. With this our focus, we can reach our stretch goal -- to reduce fatal accident rates for U.S. commercial aviation by 80 percent by 2007.

Travel and tourism is already the world's largest industry, directly and indirectly driving 10 percent of global jobs, GDP and investment. And by the year 2010, the direct economic impact of this industry is expected to approach \$2 trillion dollars. The number of airline trips taken by air travelers in the U.S. alone, will exceed *one billion* every year. In 1999, there were 650 million trips.

During the 1990s and amid the longest post-war U.S. economic expansion in U.S. history, aviation enjoyed one of its best, if not *the* best, decade *ever* in terms of growth and expansion. The commercial aviation industry ended the 1990s by recording

its eighth consecutive year of air traffic growth, while the general aviation fleet also enjoyed significant increases.

We don't have far to look to find the cause for this unprecedented growth. To a large extent, the surge in both domestic and international aviation is being driven by the continued expansion of the world economy, led by the United States, which, as of February 1st, is now enjoying the longest period of economic growth in American history. America begins this new century with 20 million new jobs; the fastest economic growth in more than 30 years; the lowest unemployment rates in 30 years; the lowest poverty rates in 20 years; the lowest African-American and Hispanic unemployment rates on record -- and the first back-to-back budget surpluses in 43 years.

The aviation industry is not only benefitting from economic growth; it is helping drive that growth. Since the early 1990s it has become increasingly evident that the world's economy is becoming more integrated.

In his State of the Union speech this year, President Clinton characterized this new century and new millennium as *"The Era of Globalization."* And in his remarks to The Global Economic Forum in Davos, Switzerland last month, he reminded us that—

"Globalization is tearing down doors and building up networks between nations and individuals, between economies and cultures." And among the most important networks that connect nations and peoples, is aviation. I am convinced that aviation will be for America in the 21st century, what the Interstate Highway System was for America in the last half of the 20th century.

Just as the Interstates connected the communities and states of our nation together, so will aviation connect our communities, cities and states with our sister communities and countries around the world.

The aviation industry has responded to the new world economy by offering services that are more competitively priced and more global in scope. It is clear that the industry is on track to support greater globalization. More airlines are forming partnerships and entering into cooperative arrangements to compete more effectively and to increase their worldwide networks of service. These partnerships not only benefit the industry by increasing efficiency and reducing costs; they also benefit consumers by offering a wider array of services and lower prices.

This fall we are hosting an international transportation symposium in Washington D.C. We want to expand these global successes we are enjoying in aviation to our other modes of transportation. We expect the globalization of the industry to continue indefinitely in the new century and new millennium. In part, our Administration's intensified efforts to sign Open Skies agreements over the past five years was prompted by the needs of a globalizing international aviation industry.

I just want to say that I am proud of the progress we have made under President Clinton and Vice President Gore's leadership to open up aviation markets. This Administration has shown its commitment to globalization in the aviation industry by signing a record 43 open skies agreements. Our agreements essentially remove governmental restrictions on routing, capacity, entry into new markets and pricing. Open Skies agreements also support globalization by allowing airlines to enter into a variety of cooperative marketing arrangements, including the increasingly common practice of code sharing.

In a few moments Deputy Secretary Mort Downey will discuss our bilateral aviation agreements and alliances in some detail. I am also convinced that much more can and should be done to ensure that the aviation industry, both commercial and general, is prepared to meet the challenges and opportunities of globalization.

Over the past 14 months I have met with U.S. aviation experts representing every segment of the industry in a series of aviation roundtable listening sessions. I have also hosted two regional transportation ministerials, one for the Western Hemisphere and one for Africa. International aviation issues were a major focus of both meetings.

The African Transport Ministerial in Atlanta last September was the first meeting of its kind held in the U.S. We have since signed three Open Skies Aviation Agreements with Tanzania, Burkina Faso, and Namibia. Our emphasis has shifted from bilateral to plurilateral aviation agreements. However, this does not mean that the days of bilateral negotiations are over. The Department continues to meet with many ministers on a bilateral basis. But, not all of these sessions have lived up to our hopes; I have been disappointed, for example, by our lack of success with the United Kingdom. We will continue to work with our partners in the UK, and we are committed to reaching our goals.

One thing our regional meetings certainly accomplished was to set the stage for a global meeting, the *Aviation in the 21st Century -- Beyond Open Skies* conference held in Chicago last December. Aviation ministers and other leaders representing 90 countries met in Chicago to discuss the challenges and opportunities facing international aviation in the new millennium.

I will continue to vigilantly pursue and promote the positive ideas stemming from our conversations in Chicago during the months ahead. As part of this effort, we've recently completed trips to South and Central America and the Caribbean. Just last month we returned from Asia where I met with my transportation counterparts in Singapore, Hong Kong, Beijing and Tokyo to further address these issues.

We already have a good bilateral agreement with Singapore; while there, I also urged the ASEAN ministers attending the Asian Aerospace 2000 Exhibition to move forward with plans for regional-wide air transport liberalization, which is already on the agenda for their next meeting. In Hong Kong we had a good discussion on a liberalized

air services agreement, as we also did in Beijing. We have a good agreement in place in Japan, however we need to get better access to the Narita Airport for commercial aviation -- as well as throughout Japan for general aviation.

It is my hope that today's sessions on 21st century aviation will advance our joint understanding, in government and the business community, regarding the next steps that need to be taken to fully realize the opportunities of this new era. We must be visionary in our approach.

One of those opportunities, clearly is *electronic commerce*, which already accounts for one-third of the real growth in the U.S. economy. E-commerce is now predicted to significantly contribute to a *tripling* of demand for air cargo services in the decade ahead.

From Kitty Hawk to the International Space Station, America has pioneered the high frontier for nearly a century. By working together as partners, those of us attending today's meeting can help insure that the 2nd century of aviation is also an American Century.